

# NorthWestern<sup>TM</sup> Energy

Senate Energy & Telecom Comm.

Exhibit No. 15

Date 2-19-2009

Bill No. \_\_\_\_\_

NorthWestern Corporation  
d/b/a NorthWestern Energy  
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February 18, 2009

Senator Jerry Black  
Chairman  
Senate Energy & Telecom Committee  
P.O. Box 200500  
Helena, MT 59620

Dear Chairman Black:

There has been a lot of discussion about the cost of QF power supply agreements in the Committee. Perhaps the best way to describe the devastating impact of QF contracts on Montana ratepayers is to look at the attached table. The costs therein come from the Tier II Stranded Cost docket at the PSC in 2002.

The column marked QF Contract is the amount of money that would be paid for the 15 QF contracts in place at that time given prices set by the PSC.

The column titled In-Market Cost was the portion of the contract cost that was judged to be the market value of the electricity. The component is paid by NorthWestern's ratepayers as part of the supply price for electricity.

The CTC-QF is an extra surcharge levied on NorthWestern's customers each month. Please turn to page two of the exhibit. It is a copy of a customer bill with the CTC-QF highlighted. The grand total of this surcharge that will be paid by ratepayers is \$662,623,823 by 2032.

The column marked NWE Portion is a part of the excess QF charges which are being eaten by the utility. This was agreed to by NorthWestern at the time it acquired the Montana service territory from the Montana Power Company.

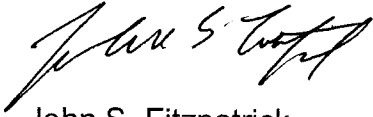
The column titled Total Out-of-Market is the addition of the CTC-QF column plus the NWE Portion.

Finally, the Total Retail Customer portion is created by adding the In-Market column to the CTC-QF column.

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All in all, QF contracts have been and continue to be very expensive to the ratepayers in NorthWestern's service territory.

Very truly yours,

A handwritten signature in black ink, appearing to read "John S. Fitzpatrick". The signature is stylized with a large initial "J" and a long, sweeping underline.

John S. Fitzpatrick  
Executive Director  
Governmental Affairs

Enc.

**Tier II Stranded Cost**  
**Sum of All QF Costs In Nominal Dollars**  
**July through June Contract Year**  
 Note - based on 2002 Forecast and Dollars

**QF**      **NWE Retail Customers Portion**

**Total Retail Customer Portion**

Years	Contract Cost	In-Market Cost	CTC-QF	NWE Portion	Total Out-of-Market	Portion
2002-2003	\$50,505,795.71	\$26,540,349.26	\$14,893,987.04	\$9,071,459.40	\$23,965,446.45	\$41,434,336.30
2003-2004	\$53,089,584.34	\$26,494,814.34	\$16,528,052.61	\$10,066,717.38	\$26,594,770.00	\$43,022,866.95
2004-2005	\$54,823,245.25	\$26,494,814.34	\$17,605,483.96	\$10,722,946.95	\$28,328,430.91	\$44,100,298.30
2005-2006	\$56,578,461.54	\$26,494,814.34	\$25,566,512.50	\$4,517,134.70	\$30,083,647.20	\$52,061,326.84
2006-2007	\$58,467,978.51	\$26,494,814.34	\$25,566,512.50	\$6,406,651.67	\$31,973,164.17	\$52,061,326.84
2007-2008	\$60,634,433.72	\$27,000,606.97	\$25,566,512.50	\$8,067,314.25	\$33,633,826.75	\$52,567,119.47
2008-2009	\$62,931,316.17	\$27,493,925.63	\$25,566,512.50	\$9,870,878.04	\$35,437,390.54	\$53,060,438.13
2009-2010	\$65,158,978.22	\$28,016,310.21	\$25,566,512.50	\$11,576,155.51	\$37,142,668.01	\$53,582,822.71
2010-2011	\$67,233,196.74	\$28,519,890.57	\$25,566,512.50	\$13,146,793.67	\$38,713,306.17	\$54,086,403.07
2011-2012	\$68,819,070.04	\$29,061,768.49	\$25,566,512.50	\$14,190,789.05	\$39,757,301.55	\$54,628,280.99
2012-2013	\$71,043,747.99	\$29,613,942.09	\$25,566,512.50	\$15,863,293.40	\$41,429,805.90	\$55,180,454.59
2013-2014	\$74,606,278.82	\$30,176,606.99	\$25,566,512.50	\$18,863,159.33	\$44,429,671.83	\$55,743,119.49
2014-2015	\$77,898,812.20	\$30,739,578.07	\$25,566,512.50	\$21,592,721.63	\$47,159,234.13	\$56,306,090.57
2015-2016	\$81,189,978.67	\$31,323,630.06	\$25,566,512.50	\$24,299,836.11	\$49,866,348.61	\$56,890,142.56
2016-2017	\$84,799,377.45	\$31,918,779.03	\$25,566,512.50	\$27,314,085.92	\$52,880,598.42	\$57,485,291.53
2017-2018	\$87,637,143.25	\$32,525,235.83	\$25,566,512.50	\$29,545,394.92	\$55,111,907.42	\$58,091,748.33
2018-2019	\$83,906,088.59	\$33,143,215.31	\$25,566,512.50	\$25,196,360.78	\$50,762,873.28	\$58,709,727.81
2019-2020	\$81,545,220.33	\$33,764,426.10	\$25,566,512.50	\$22,214,281.73	\$47,780,794.23	\$59,330,938.60
2020-2021	\$84,676,786.87	\$34,397,278.20	\$25,566,512.50	\$24,712,996.17	\$50,279,508.67	\$59,963,790.70
2021-2022	\$87,214,781.71	\$34,741,953.92	\$25,566,512.50	\$26,906,315.29	\$52,472,827.79	\$60,308,466.42
2022-2023	\$90,588,228.14	\$35,402,051.04	\$25,566,512.50	\$29,619,664.60	\$55,186,177.10	\$60,968,563.54
2023-2024	\$94,126,282.36	\$36,024,302.07	\$25,566,512.50	\$32,535,467.79	\$58,101,980.29	\$61,590,814.57
2024-2025	\$90,312,135.79	\$34,254,541.86	\$25,566,512.50	\$30,491,081.43	\$56,057,593.93	\$59,821,054.36
2025-2026	\$57,448,615.28	\$20,512,803.93	\$25,566,512.50	\$11,369,298.85	\$36,935,811.35	\$46,079,316.43
2026-2027	\$60,479,232.13	\$20,902,547.21	\$25,566,512.50	\$14,010,172.42	\$39,576,684.92	\$46,469,059.71
2027-2028	\$60,242,787.89	\$21,299,695.61	\$25,566,512.50	\$13,376,579.78	\$38,943,092.28	\$46,866,208.11
2028-2029	\$29,498,769.34	\$10,895,310.12	\$25,566,512.50		\$18,603,459.22	\$36,461,822.62
2029-2030	\$87,343.86	\$87,868.80	\$0.00			\$87,868.80
2030-2031	\$88,999.17	\$89,538.31	\$0.00			\$89,538.31
2031-2032	\$90,681.81	\$91,239.54	\$0.00			\$91,239.54
<b>Totals</b>	<b>\$1,895,723,351.90</b>	<b>\$774,516,652.58</b>	<b>\$602,623,623.61</b>	<b>\$458,582,875.70</b>	<b>\$1,121,206,699.32</b>	<b>\$1,437,140,476.19</b>

NPV @ 8.46%      \$691,901,309.47      \$298,144,426.32      \$244,711,065.30      \$149,045,817.85      \$393,756,883.15      \$542,855,491.62

# NorthWestern Energy

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Account Number:

Bill Date:

December 10, 2008

Due Date:

December 30, 2008

HELENA MI 59601-4815

Previous Balance	Payments/Adjustments	Current Charges	Total Amount Due
\$159.78	\$159.78 CR	\$221.64	\$221.64
<b>Account Summary</b>			
Regulated Electric Charges.....		\$	33.53
Market Purchased Electric Supply Charges.....		\$	39.17
Regulated Gas Charges.....		\$	53.75
Market Purchased Gas Supply Charges.....		\$	95.19
<b>Total New Charges.....</b>		<b>\$</b>	<b>221.64</b>

## Regulated Electric Charges

Meter Number	Rate Code	From	To	No Days	Previous Reading	Current Reading	Reading Type	Factor	KWh Usage	Demand Usage
ES277	E010	11/13/2008	12/15/2008	32	60095	60819	Actual	1	724	

Description	Usage	Rate (\$)	Total
Res. Transmission Delivery	724.0 @	0.0088030	\$6.37
Res. Service Charge			\$5.00
Res. Distribution Delivery	724.0 @	0.0274010	\$19.84
Res. BPA Exchange Credit	724.0 @	0.0014300-	\$1.04CR
Res. CTC-QF	724.0 @	0.0032950	\$2.39
Res. USBC	724.0 @	0.0013340	\$0.97
<b>Total Regulated Electric Charges</b>			<b>\$33.53</b>

## Market Purchased Electric Supply Charges

Description	Usage	Rate (\$)	Total
Res. Supply	385.0 @	0.0571570	\$22.01
Res. Supply	339.0 @	0.0563960	\$19.12
Res. Deferred Supply	724.0 @	0.0027040-	\$1.96CR
<b>Total Market Purchased Electric Supply Charges</b>			<b>\$39.17</b>

## Regulated Gas Charges

Meter Number	Rate Code	From	To	No Days	Previous Reading	Current Reading	Reading Type	Factor	Dkt Usage
GA24F	G010	11/13/2008	12/15/2008	32	4948	5096	Actual	.0872	12.90

Description	Usage	Rate (\$)	Total
Res. Transmission Delivery	12.9 @	1.1553270	\$14.90
Res. Distribution Delivery	12.9 @	1.8757960	\$24.20
GS Storage	12.9 @	0.3460180	\$4.46
Res. Service Charge			\$6.90
Res. USBC	12.9 @	0.0833000	\$1.07
Res. CTC-GP Credit	12.9 @	0.0483000-	\$0.62CR
Res. CTC-RA Credit	12.9 @	0.0710900-	\$0.92CR
Res. CTC-GP	12.9 @	0.1840000	\$2.37
Res. CTC-RA	12.9 @	0.1080000	\$1.39
<b>Total Regulated Gas Charges</b>			<b>\$53.75</b>

## Market Purchased Gas Supply Charges

Description	Usage	Rate (\$)	Total
Res. Supply	6.9 @	7.5298000	\$51.96
Res. Supply	6.0 @	7.4838000	\$44.90
Res. Deferred Supply	12.9 @	0.1294000-	\$1.67CR
<b>Total Market Purchased Gas Supply Charges</b>			<b>\$95.19</b>